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10 **UNITED STATES DISTRICT COURT**
11 **CENTRAL DISTRICT OF CALIFORNIA**
12 **WESTERN DIVISION**

13 STEAMFITTERS LOCAL 449 PENSION
14 PLAN, Individually and on Behalf of all
Others Similarly Situated,

15 Plaintiff,

16 vs.

17 MOLINA HEALTHCARE, INC., J.
18 MARIO MOLINA, JOHN C. MOLINA,
TERRY P. BAYER and RICK HOPFER,

19 Defendants.

Case No. 2:18-cv-03579 AB (JCx)

**ORDER GRANTING
PRELIMINARY APPROVAL OF
CLASS ACTION SETTLEMENT,
APPROVING FORM AND
MANNER OF NOTICE, AND
SETTING DATE FOR HEARING
ON FINAL APPROVAL OF
SETTLEMENT**

20 Before the Court is Lead Plaintiff Steamfitters Local 449 Pension Plan's
21 ("Steamfitters" or "Lead Plaintiff") Motion for Preliminary Approval of Class
22 Action Settlement ("Motion," Dkt. No. 73). The Motion is unopposed. For the
23 following reasons, the Motion is **GRANTED**.

24 On April 27, 2018, Steamfitters filed a securities class action Complaint in
25 this Court on behalf of purchasers of Molina Healthcare, Inc.'s ("Molina" or the
26 "Company") common stock. As of May 5, 2020, Lead Plaintiff, individually and
27 on behalf all other members of the Settlement Class, on the one hand, and Molina,
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1 J. Mario Molina, John C. Molina, Terry P. Bayer, and Rick Hopfer (collectively,
2 “Defendants”), on the other, entered into a Stipulation and Agreement of
3 Settlement (the “Settlement Agreement,” Dkt. No. 72) in the above-titled litigation
4 (the “Action”). The Settlement Agreement, together with the exhibits thereto, sets
5 forth the terms and conditions of the proposed settlement of the Action and the
6 claims alleged in the Amended Class Action Complaint for Violation of the
7 Federal Securities Laws, filed on October 5, 2018, on the merits and with prejudice
8 (the “Settlement”). Under Federal Rule of Civil Procedure 23, class actions may be
9 settled only with the Court’s approval.

10 Consistent with Fed. R. Civ. P. 23, the Court has reviewed and considered
11 the Settlement Agreement and the accompanying exhibits, and Plaintiff’s Motion
12 and Supplemental Brief (Dkt. No. 79). The Parties to the Settlement Agreement
13 have consented to the entry of this order. All capitalized terms used in this order
14 that are not otherwise defined herein have the meanings defined in the Settlement
15 Agreement.

16 The Court ORDERS as follows:

17 1. The Court has reviewed the Settlement Agreement and preliminarily
18 finds, pursuant to Fed. R. Civ. P. 23(e)(1), that the Court will likely be able to
19 approve the proposed Settlement as fair, reasonable, and adequate under Fed. R.
20 Civ. P. 23(e)(2), subject to further consideration at the Settlement Hearing
21 described below.

22 2. The basic terms of the Settlement Agreement are as follows. In
23 exchange for the Class Members releasing their claims against Defendants, the
24 Defendants shall pay a Settlement Amount of \$7,500,000.

25 3. Angeion Group, the Claims Administrator, will process all received
26 claims and will execute the Plan of Allocation that the Court approved at the
27 Settlement Hearing. Payments from the Settlement Amount will be made to Class
28 Members based on Recognized Loss formulas described in a Plan of Allocation

described in the Notice pp. 23-31, set forth in the Notice. The Claims Administrator will distribute the Net Settlement Fund to eligible claimants until it is economically unfeasible to make distributions. When additional distributions are unfeasible due to the minimal amount of funds left in the Net Settlement Fund, the unclaimed balance shall be contributed to a non-sectarian, not-for-profit charitable organization serving the public interest designated by Lead Plaintiff and approved by the Court. The Settlement Agreement does not include a reversion to Defendants. The \$7,500,000 Settlement Amount, excluding attorneys' fees and litigation expenses, notice and administration expenses, and taxes will benefit the entire Settlement Class; this is not a "claims-made" settlement.

4. Lead Plaintiff's Counsel will request, via Notice Motion to the Court, no more than twenty-five percent (25%) of the Settlement Amount for attorneys' fees, \$1,875,000, and a maximum of \$140,000 for litigation expenses.

5. Class Members will be provided the Long-Form Notice and the Summary Notice by mail, and both will be published in a trade publication and disseminated over the internet. *See* ¶¶ 14, 15 *infra*.

6. Pursuant to Fed. R. Civ. P. 23(a) and (b)(3), the Court hereby preliminarily certifies, for purposes of the Settlement only, the Settlement Class of: All persons and entities that purchased or otherwise acquired Molina publicly traded common stock during the period from October 31, 2014 through August 2, 2017, inclusive, and were damaged thereby. Excluded from the Settlement Class are: (i) the Defendants; (ii) the present and former officers and directors of the Company; (iii) the Company's subsidiaries and affiliates; (iv) the Company's employee retirement and benefit plan(s) and their participants or beneficiaries, to the extent they made purchases through such plan(s); (v) members of the immediate families of the Individual Defendants; (vi) any entity in which any Defendant has or had a controlling interest; and (vii) the legal representatives, heirs, successors, and assigns of any such excluded party. Also excluded from the

1 Settlement Class are any Settlement Class Members who properly exclude
2 themselves by submitting a valid and timely request for exclusion in accordance
3 with the requirements set forth below and in the Notice.

4 The Court finds and preliminarily concludes that the prerequisites of class
5 action certification under Fed. R. Civ. P. 23(a) and (b)(3) have been satisfied for
6 the Settlement Class defined herein and for the purposes of the Settlement only, in
7 that:

8 (a) the members of the Settlement Class are so numerous that
9 joinder of all Settlement Class Members is impracticable;

10 (b) there are questions of law and fact common to the Settlement
11 Class Members;

12 (c) the claims of Lead Plaintiff are typical of the claims of
13 Settlement Class Members;

14 (d) Lead Plaintiff and Lead Counsel have fairly and adequately
15 represented and protected the interests of the Settlement Class;

16 (e) the questions of law and fact common to Settlement Class
17 Members predominate over any individual questions; and

18 (f) a class action is superior to other available methods for the fair
19 and efficient adjudication of the controversy, considering that the claims of
20 Settlement Class Members in the Action are substantially similar and would, if
21 tried, involve substantially identical proofs and may therefore be efficiently
22 litigated and resolved on an aggregate basis as a class action; the amounts of the
23 claims of many of the Settlement Class Members are too small to justify the
24 expense of individual actions; and it does not appear that there is significant
25 interest among Settlement Class Members in individually controlling the litigation
26 of their claims.

27 7. Pursuant to Fed. R. Civ. P. 23, and for purposes of the Settlement
28 only, Lead Plaintiff is preliminarily certified as Class Representative for the

1 Settlement Class. The law firm of Labaton Sucharow LLP is preliminarily
2 appointed Class Counsel for the Settlement Class, and Glancy Prongay & Murray
3 LLP is preliminarily appointed as Liaison Counsel for the Settlement Class.

4 8. A final settlement approval hearing (the “Settlement Hearing”)
5 pursuant to Fed. R. Civ. P. 23(e) is hereby scheduled to be held before the Court on
6 **October 22, 2020 at 10:00 a.m** for the following purposes:

7 (a) to determine whether the proposed Settlement is fair,
8 reasonable, and adequate, and should be approved by the Court;

9 (b) to determine whether the proposed Final Order and Judgment
10 (“Judgment”) as provided under the Settlement Agreement should be entered, and
11 to determine whether the release by the Settlement Class of the Released Claims,
12 as set forth in the Settlement Agreement, should be provided to the Released
13 Defendant Parties;

14 (c) to determine, for purposes of the Settlement only, whether the
15 Settlement Class should be finally certified; whether Lead Plaintiff should be
16 finally certified as Class Representative for the Settlement Class; whether the law
17 firm of Labaton Sucharow LLP should be finally appointed as Class Counsel for
18 the Settlement Class; and whether the law firm of Glancy Prongay & Murray LLP
19 should be finally appointed as Liaison Counsel for the Settlement Class;

20 (d) to determine whether the proposed Plan of Allocation for the
21 proceeds of the Settlement is fair and reasonable and should be approved by the
22 Court;

23 (e) to consider Lead Counsel’s application for an award of
24 attorneys’ fees and expenses (which may include an application for an award to
25 Lead Plaintiff for reimbursement of its reasonable costs and expenses directly
26 related to its representation of the Settlement Class, pursuant to the Private
27 Securities Litigation Reform Act of 1995 (“PSLRA”)); and
28

1 (f) to rule upon such other matters as the Court may deem
2 appropriate.

3 9. The Court reserves the right to approve the Settlement with or without
4 modification and with or without further notice to the Settlement Class of any kind.
5 The Court further reserves the right to enter the Judgment approving the Settlement
6 regardless of whether it has approved the Plan of Allocation or awarded attorneys'
7 fees and/or expenses. The Court may also adjourn the Settlement Hearing, decide
8 to hold the hearing telephonically, or modify any of the dates herein without
9 further individual notice to members of the Settlement Class. Any such changes
10 shall be posted on the website of the Claims Administrator.

11 10. The Court approves the form, substance, and requirements of the
12 Notice of Pendency of Class Action, Proposed Settlement, and Motion for
13 Attorneys' Fees and Expenses ("Notice") and Proof of Claim and Release form
14 ("Claim Form"), Exhibits A-1 and A-2 respectively, to the Settlement Agreement.

15 11. The Court approves the retention of Angeion Group as the Claims
16 Administrator. The Claims Administrator shall cause the Notice and Claim Form,
17 substantially in the forms annexed to the Settlement Agreement, to be mailed by
18 first-class mail, postage prepaid, on or before ten (10) business days after entry of
19 this Preliminary Approval Order ("Notice Date"), to all Settlement Class Members
20 that can be identified with reasonable effort. Molina, to the extent it has not
21 already done so, shall use its best efforts to obtain and provide to Lead Counsel or
22 the Claims Administrator transfer records in electronically searchable form
23 containing the names and addresses of purchasers of the publicly traded common
24 stock of Molina during the Class Period no later than five (5) business days after
25 entry of this Preliminary Approval Order.

26 12. The Claims Administrator shall use reasonable efforts to give notice
27 to nominee purchasers such as brokerage firms and other persons or entities that
28 purchased or otherwise acquired the publicly traded common stock of Molina

1 during the Class Period as record owners but not as beneficial owners. Such
2 nominees SHALL EITHER: (a) WITHIN SEVEN (7) CALENDAR DAYS of
3 receipt of the Notice, request from the Claims Administrator sufficient copies of
4 the Notice to forward to all such beneficial owners and WITHIN SEVEN (7)
5 CALENDAR DAYS of receipt of those Notices from the Claims Administrator
6 forward them to all such beneficial owners; or (b) WITHIN SEVEN (7)
7 CALENDAR DAYS of receipt of the Notice, provide a list of the names and
8 addresses of all such beneficial owners to the Claims Administrator and the Claims
9 Administrator is ordered to send the Notice promptly to such identified beneficial
10 owners. Nominees shall also provide email addresses for all such beneficial
11 owners to the Claims Administrator, to the extent they are available. Nominees
12 who elect to send the Notice to their beneficial owners SHALL ALSO send a
13 statement to the Claims Administrator confirming that the mailing was made and
14 shall retain their mailing records for use in connection with any further notices that
15 may be provided in the Action. Upon full and timely compliance with these
16 directions, such nominees may seek reimbursement of their reasonable expenses
17 actually incurred by providing the Claims Administrator with proper
18 documentation supporting the expenses for which reimbursement is sought.

19 13. Lead Counsel shall, at or before the Settlement Hearing, file with the
20 Court proof of mailing of the Notice and Claim Form.

21 14. The Court approves the form of the Summary Notice of Pendency of
22 Class Action, Proposed Settlement, and Motion for Attorneys' Fees and Expenses
23 ("Summary Notice") substantially in the form annexed to the Settlement
24 Agreement as Exhibit A-3, and directs that Lead Counsel shall cause the Summary
25 Notice to be published in *Investor's Business Daily* and be transmitted over *PR*
26 *Newswire* within fourteen (14) calendar days of the Notice Date. Lead Counsel
27 shall, at or before the Settlement Hearing, file with the Court proof of publication
28 of the Summary Notice.

1 15. The form and content of the notice program described herein, and the
2 methods set forth herein of notifying the Settlement Class of the Settlement and its
3 terms and conditions, meet the requirements of Fed. R. Civ. P. 23, Section
4 21D(a)(7) of the Securities Exchange Act of 1934, 15 U.S.C. § 78u-4(a)(7), as
5 amended by the PSLRA, and due process, constitute the best notice practicable
6 under the circumstances, and shall constitute due and sufficient notice to all
7 persons and entities entitled thereto.

8 16. In order to be eligible to receive a distribution from the Net Settlement
9 Fund, in the event the Settlement is effected in accordance with the terms and
10 conditions set forth in the Settlement Agreement, each claimant shall take the
11 following actions and be subject to the following conditions:

12 (a) A properly executed Claim Form, substantially in the form
13 annexed to the Settlement Agreement as Exhibit A-2, must be submitted to the
14 Claims Administrator, at the address indicated in the Notice, postmarked no later
15 than five (5) calendar days before the Settlement Hearing. Such deadline may be
16 extended by Court order or by Lead Counsel at its discretion. Each Claim Form
17 shall be deemed to have been submitted when postmarked (if properly addressed
18 and mailed by first-class or overnight mail, postage prepaid). Any Claim Form
19 submitted in any other manner shall be deemed to have been submitted when it
20 was actually received at the address designated in the Notice. Any Settlement Class
21 Member who does not timely submit a Claim Form within the time provided for
22 shall be barred from sharing in the distribution of the Net Settlement Fund, unless
23 otherwise ordered by the Court, but shall remain bound by all determinations and
24 judgments in this Action concerning the Settlement, as provided by paragraphs 18
25 and 19 of this order.

26 (b) The Claim Form submitted by each claimant must satisfy the
27 following conditions, unless otherwise allowed pursuant to the Settlement
28 Agreement: (i) it must be properly completed, signed, and submitted in a timely

1 manner in accordance with the provisions of the preceding subparagraph; (ii) it
2 must be accompanied by adequate supporting documentation for the transactions
3 reported therein, in the form of broker confirmation slips, broker account
4 statements, an authorized statement from the broker containing the transactional
5 information found in a broker confirmation slip, or such other documentation as is
6 deemed adequate by the Claims Administrator and/or Lead Counsel; (iii) if the
7 person executing the Claim Form is acting in a representative capacity, a
8 certification of her current authority to act on behalf of the claimant must be
9 included in the Claim Form; and (iv) the Claim Form must be complete and
10 contain no material deletions or modifications of any of the printed matter
11 contained therein and must be signed under penalty of perjury.

12 (c) As part of the Claim Form, each claimant shall submit to the
13 jurisdiction of the Court with respect to the claim submitted.

14 17. Any Settlement Class Member may enter an appearance in this
15 Action, at his, her, or its own expense, individually or through counsel of his, her,
16 or its own choice. If any Settlement Class Member does not enter an appearance,
17 he, she, or it will be represented by Lead Counsel.

18 18. Settlement Class Members shall be bound by all orders,
19 determinations and judgments in this Action concerning the Settlement, whether
20 favorable or unfavorable, unless such Persons request exclusion from the
21 Settlement Class in a timely and proper manner, as hereinafter provided. A
22 putative Settlement Class Member wishing to make such an exclusion request shall
23 mail the request in written form by first-class mail to the address designated in the
24 Notice for such exclusions, such that it is received no later than twenty-one (21)
25 calendar days prior to the Settlement Hearing. Such request for exclusion must
26 state the name, address, and telephone number of the Person seeking exclusion,
27 must state that the sender requests to be “excluded from the Settlement Class in
28 *Steamfitters Local 449 Pension Plan vs. Molina Healthcare, Inc., et al.*, Case No.

2:18-cv-03579 AB (JCx) (C.D. Cal.)” and must be signed by such Person. Such Persons requesting exclusion are also directed to state the information requested in the Notice, including, but not limited to: the date(s), price(s), and number(s) of shares of all purchases, acquisitions, and sales of Molina publicly traded common stock during the Class Period. The request for exclusion shall not be effective unless it provides the required information and is made within the time stated above, or the exclusion is otherwise accepted by the Court.

19. Putative Settlement Class Members requesting exclusion from the Settlement Class shall not be eligible to receive any payment out of the Net Settlement Fund as described in the Settlement Agreement and Notice.

20. The Court will consider any Settlement Class Member’s objection to the Settlement, the Plan of Allocation, and/or the application for an award of attorneys’ fees or expenses only if such Settlement Class Member has served by hand or by mail his, her, or its written objection and supporting papers, such that they are received on or before twenty-one (21) calendar days before the Settlement Hearing, upon Lead Counsel: Christine M. Fox, Esq., Labaton Sucharow LLP, 140 Broadway, New York, NY 10005; and Defendants’ Counsel: Robert W. Perrin, Esq., Latham & Watkins LLP, 355 South Grand Avenue, Suite 100, Los Angeles, CA 90071-1560; and has filed, either by hand or by mail, said objections and supporting papers with the Clerk of the Court, United States District Court for the Central District of California, First Street U.S. Courthouse, 350 West 1st Street, Suite 4311, Los Angeles, CA 90012-4565. Any Settlement Class Member who does not make his, her, or its objection in the manner provided for in the Notice shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to any aspect of the Settlement, the Plan of Allocation, or the request for attorneys’ fees and expenses, unless otherwise ordered by the Court, but shall otherwise be bound by the Judgment to be entered and the releases to be given. Attendance at the hearing is not necessary; however, persons wishing

1 to be heard orally in opposition to the approval of the Settlement, the Plan of
2 Allocation, and/or the application for an award of attorneys' fees and other
3 expenses are required to indicate in their written objection their intention to appear
4 at the hearing. Persons who intend to object to the Settlement, the Plan of
5 Allocation, and/or the application for an award of attorneys' fees and expenses and
6 desire to present evidence at the Settlement Hearing must include in their written
7 objections the identity of any witnesses they may call to testify and exhibits they
8 intend to introduce into evidence at the Settlement Hearing.

9 21. Settlement Class Members do not need to appear at the hearing or take
10 any other action to indicate their approval.

11 22. Pending final determination of whether the Settlement should be
12 approved, Lead Plaintiff, all Settlement Class Members, and each of them, and
13 anyone who acts or purports to act on their behalf, shall not institute, commence or
14 prosecute any action which asserts Released Claims against the Released
15 Defendant Parties.

16 23. As provided in the Settlement Agreement, prior to the Effective Date,
17 Lead Counsel may pay the Claims Administrator a portion of the reasonable fees
18 and costs associated with giving notice to the Settlement Class and the review of
19 claims and administration of the Settlement out of the Settlement Fund not to
20 exceed \$500,000 without further approval from Defendants and without further
21 order of the Court.

22 24. All papers in support of the Settlement, Plan of Allocation, and Lead
23 Counsel's request for an award of attorneys' fees and expenses shall be filed with
24 the Court and served on or before thirty-five (35) calendar days before the date set
25 herein for the Settlement Hearing. If reply papers are necessary, they shall be filed
26 with the Court and served no later than seven (7) calendar days before the
27 Settlement Hearing.
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1 25. The passage of title and ownership of the Settlement Fund to the
2 Escrow Agent in accordance with the terms and obligations of the Settlement
3 Agreement is approved. No person who is not a Settlement Class Member or Lead
4 Counsel shall have any right to any portion of, or to any distribution of, the Net
5 Settlement Fund unless otherwise ordered by the Court or otherwise provided in
6 the Settlement Agreement.

7 26. All funds held in escrow shall be deemed and considered to be in
8 *custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court
9 until such time as such funds shall be disbursed pursuant to the Settlement
10 Agreement and/or further order of the Court.

11 27. Neither Defendants nor their counsel shall have any responsibility for
12 the Plan of Allocation or any application for attorneys' fees or expenses submitted
13 by Lead Counsel or Lead Plaintiff, and such matters shall be considered separately
14 from the fairness, reasonableness and adequacy of the Settlement.

15 28. If the Settlement fails to become effective as defined in the Settlement
16 Agreement or is terminated, then both the Settlement Agreement, including any
17 amendment(s) thereof, except as expressly provided in the Settlement Agreement,
18 and this Preliminary Approval Order shall be null and void, of no further force or
19 effect, and without prejudice to any Party, and may not be introduced as evidence
20 or used in any actions or proceedings by any person or entity against the Parties,
21 and the Parties shall be deemed to have reverted to their respective litigation
22 positions in the Action as of March 5, 2020.

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1 29. The Court retains exclusive jurisdiction over the Action to consider all
2 further matters arising out of or connected with the Settlement.

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5 Dated: June 18, 2020

A handwritten signature in black ink, appearing to read "André Birotte Jr.", written over a horizontal line.

6
7 HONORABLE ANDRÉ BIROTTE JR.
8 UNITED STATES DISTRICT JUDGE
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